
GRAND UNION
1983 ANNUAL REPORT


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NABISCO
GIANT
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Ask Me
I'm Here to
Help

Contents

THE GRAND UNION COMPANY

Financial Highlights

	52 WEEKS ENDED MARCH 31, 1984	52 WEEKS ENDED APRIL 2, 1983
Sales	$ 3,438,848,000	$ 3,519,341,000
Income (loss) before income taxes	$ (130,240,000)	$ (19,934,000)
Net income (loss)	$ (115,240,000)	$ 226,000
Working capital	$ 51,713,000	$ 96,573,000
Ratio of current assets to current liabilities	1.23 to 1	1.35 to 1
Number of retail outlets at fiscal year end	395	610

Friendly, helpful service, coupled with extensive product information, is a hallmark of Grand Union and Big Star supermarkets

Fiscal 1983 was the most challenging year in the 112-year history of Grand Union as our company dramatically repositioned itself by focusing on three key objectives: strengthening customer appeal through a more aggressive pricing policy, consolidating our operational structure and increasing productivity.

Beginning in July, 1983, we implemented a new pricing policy aimed at strengthening our bond with our customers. We matched and will continue to match the prices of the low-price supermarket chain leader in each trade area. The policy, reinforced by a Consumer Price Finder, a unique 32-page booklet listing more than 9,000 regular retail prices of items authorized for sale in all our stores, helped to convince our customers that we truly are price competitive, and will remain that way.

The pricing strategy, which was promoted by intensive advertising and public relations campaigns, achieved significant sales results. Some areas reported sales increases of more than 25 percent. Based on the widespread acceptance of the Consumer Price Finder, the company is introducing the Red Dot Price Finder for Specials. This booklet is published weekly and distributed free. It lists hundreds of sale items available in each store.

We have consolidated our operations by withdrawing from the unprofitable or marginally profitable areas of Texas, Florida and suburban Washington, D.C., and concentrating our efforts on areas of historic profitability. We also closed a number of stores in our remaining operating areas where individual store performance was unacceptable.

In all, we closed 223 stores to create a sound nucleus of 395 stores, including 74 Food Markets. While the nature of our business dictates a constant review of the performance of all stores, no additional major store closures are contemplated.

Our smaller, more centralized and efficient operation warranted a corporate restructuring. A new organization was created with a total of 12 distinct operating Areas operating under an umbrella of four Regions. Accounting and advertising functions were centralized, resulting in increased efficiency, reduced expenses and improved controls. Field operating staffs were reduced and operating efficiencies implemented. The company's structure is now well-suited for solid, long-term growth.

Financially, sales for the 52-week fiscal year ended March 31, 1984, were $3,438,848,000, as compared with sales of $3,519,341,000 for the 52-week fiscal year ended April 2, 1983. The sales decrease resulted primarily from the reduced number of stores. Overall, the company had a net loss of $115,240,000 for the fiscal year, including a special pre-tax reserve of $45,000,000 established to cover the costs of the disposition of three operating Regions as well as the costs of closing stores in other operating territories. In the prior fiscal year, the company had net income of $226,000.

Proceeds from the sale of closed units enabled the company to eliminate its short-term debt and to substantially reduce its long-term debt. In addition, Cavenham (USA) Inc., the company's parent, paid the company $45,000,000 for additional shares of the company's capital stock. These actions strengthened the company's financial position.

Like other food retailers, Grand Union was subjected to strong financial pressures from intense competition, escalating expenses, primarily for labor and utilities, and a major industrywide strike that affected our New Jersey stores. All of these pressures were in addition to the costs incurred for the pricing program and repositioning.

With all of the tumultuous events of fiscal 1983 now behind us, there are clear signs of consistent improvement in operating results. We are now strategically poised to build a solid earnings stream. Indeed, the company had an operating profit in the last month of the 1983 fiscal year and the company's earnings performance during the early part of the 1984 fiscal year was substantially better than originally projected.

The thrust of our development efforts will continue to be on Food Markets, the highly-popular concept which revolutionized the American supermarket industry when first introduced in 1979. We plan to spend $40,000,000 on capital development to convert 13 existing stores into Food Markets, and to develop Food Centers, a new concept in food retailing.

We currently have two Food Centers under lease. Merchants Festival will open later this

year in Atlanta. Designed for major population areas, Food Centers will occupy some 45,000-square-feet of space, roughly 50 percent more than Food Markets, and will be complete food stores combining all of the features of a self-service supermarket with the boutique-style specialty departments that have made our Food Markets so successful. Sites for additional Food Markets and Food Centers are currently being negotiated.

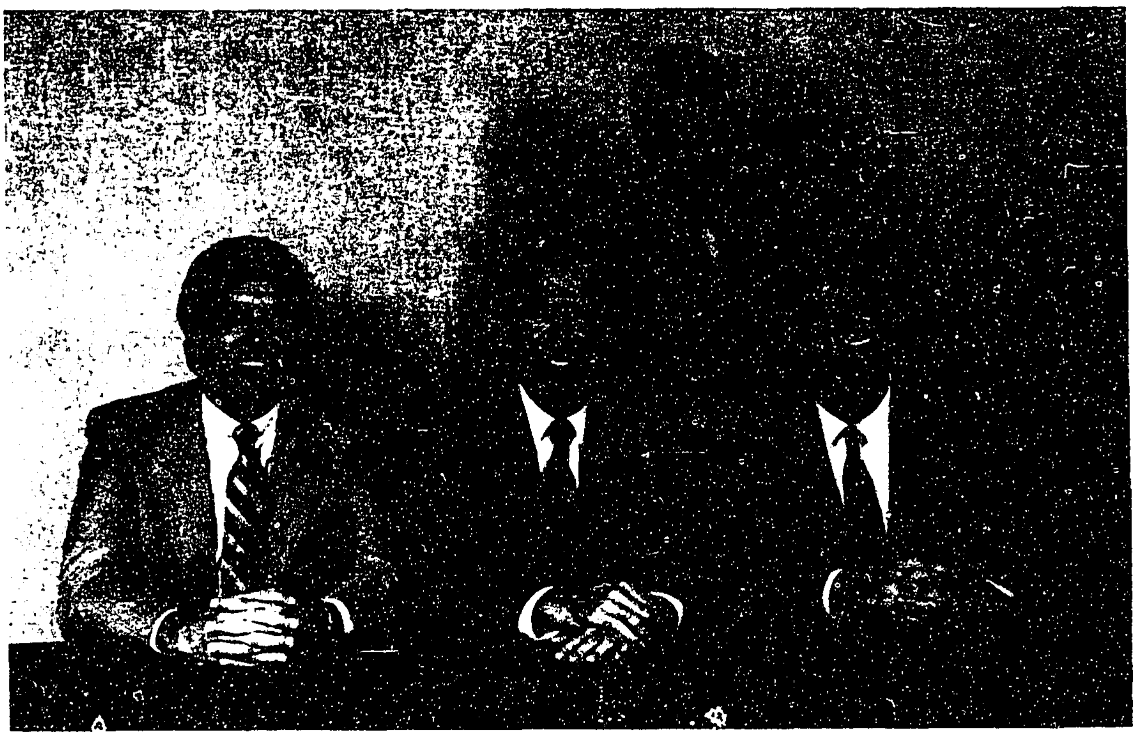
A number of key management changes occurred this year. In March, I was elected Chairman of the Board and Chief Executive Officer after serving more than 9 years as a Chief Executive Officer within the Dayton-Hudson Corporation. Patrick A. Deo, former Chairman, resigned after many years of dedicated service.

Henry T. Johnson, Executive Vice President in charge of Marketing, was promoted to Chief Administrative Officer. William A. Louttit was named Executive Vice President in charge of Merchandising. James E. Herlihy was promoted to Senior Vice President and Chief Financial Officer. Named as Corporate Vice Presidents were Kenneth R. Baum, Roger W. Kennedy, Anthony P. Masasi, Robert J. Saba and Craig C. Sturken.

Grand Union customers and employees have been loyal and understanding while the company has undergone change. We are dedicated to making our stores the finest food stores in the world, offering the highest quality products, lowest prices and most knowledgeable employees within a very attractive and functional store environment.

I would like to extend my sincere thanks to our 23,000 employees for their help, cooperation and support during the past year. With our changes substantially behind us, we can now focus on the future, molding a bright and profitable course for our company.

Floyd Hall
Chairman of the Board and
Chief Executive Officer
July 31, 1984



The company's executive management team includes, from left, William A. Louttit, Executive Vice President, Merchandising; Floyd Hall, Chairman and Chief Executive Officer, Henry T. Johnson, Executive Vice President and Chief Administrative Officer (standing), and Joseph J. McCaig, President and Chief Operating Officer.

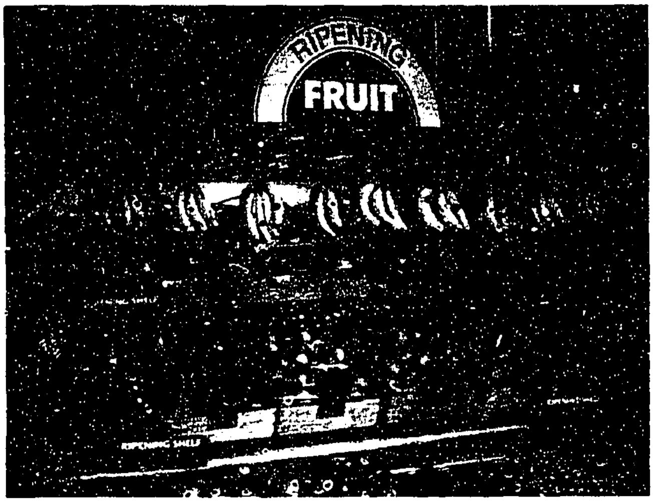

HONEY & SOY
DUCKLING
CANDIED ORANGES

Grand Union unveiled its much heralded Market Square last year in the enlarged and newly-renovated Paramus, N.J., Food Market. This innovation continues the trend of store development that has been our hallmark in recent years. The Market Square is a unique configuration of specialty shops in the center of the store, providing such products as cheese, pasta, pizza, hot and cold delicatessen items, dips and oven-ready products. The prepared foods are especially exciting. Prepared by professional chefs, the prepared foods offer a convenient way for consumers to bring appetizing and attractive foods to their homes with a minimum of preparation.

The Paramus Food Market features an architectural approach which has been recognized by the Institute of Business Designers for its appealing design characteristics.

Meanwhile, the company moved forward with plans to open its first Food Center, a larger food store that incorporates all of the features of a Food Market, but in an expanded fashion and a unique configuration. The first Food Center is now under construction in Atlanta with plans for a fall opening. Construction will soon commence on a second Food Center, also in Atlanta.

During fiscal 1983, the company opened six



Delicious and attractive food prepared by professional chefs, opposite page, highlight our Market Square. Produce ripening sections, gourmet specialties and U.S Grade A fresh fish are part of our innovative product development program.


Grand Union
Price Finder
Specials
Grand Union
Consumer
Price Finder

new Food Markets, renovated six existing stores into Food Markets, upgraded four existing Food Markets with new departments or features and enlarged four other stores. Similar development activity is planned this year.

Grand Union will continue installation of computerized scanning cash register systems, many of them with the customer-oriented POSitalker feature which verbally calls out transactions. So far, 54 stores are fully equipped with scanners and there are plans to install another 18 systems this year. Likewise, computer systems are being installed on a test basis in many of our pharmacy departments to provide individualized customer prescription profiles.

Marketing

The introduction of the Consumer Price Finder as an adjunct to our new pricing policy has been followed by the phased introduction of a Red Dot Price Finder for Specials listing hundreds of sale items available each week.

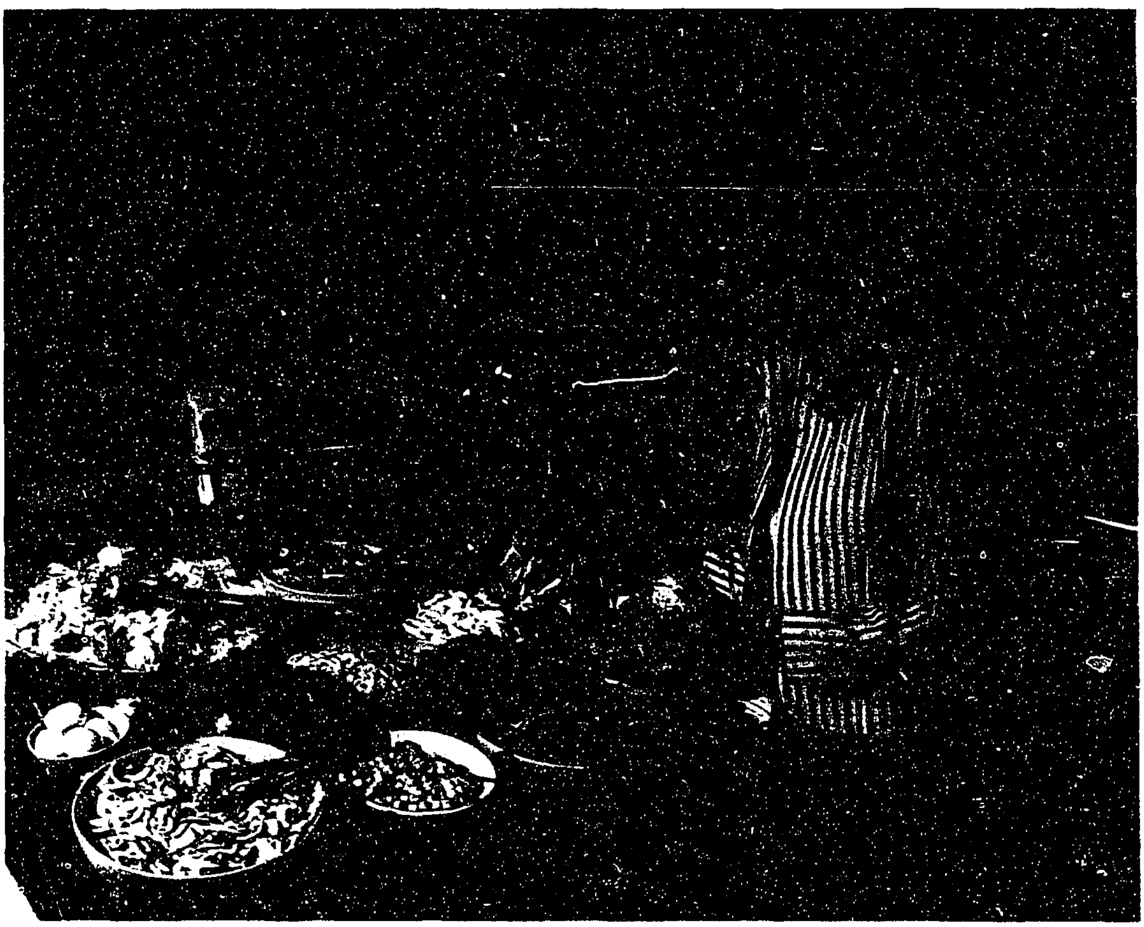
The centralization of our advertising department now allows us to maintain uniformity over all advertising, while at the same time increasing productivity and reducing expenses. A newly-formed Cooperative Advertising Department allows us to actively pursue vendor allowance opportunities. Vendors are assured of low cost exposure and high return due to our market share position and our appeal to quality conscious consumers.

Merchandising

In cooperation with the U.S. Department of Commerce, we have introduced a program in which all fresh and frozen fish sold is inspected by federal inspectors. Only fish graded A, the highest quality, is sold.

To assure the integrity and quality of our private label goods, we have been testing and re-evaluating all products that carry the Grand Union, Big Star or BASICS trade name.

An affiliate has been established in Paris to secure unusual and special products from Europe expressly for our consumers. A Prod-



Homemakers find the Price Finder for Specials, opposite page, a handy shopping tool, while salad bars cater to diet conscious consumers.


& SPARKLING

uct Development Department has also been actively soliciting products from all trade sources.

Quality Control

For more than a century, the company has been committed to selling only the highest-quality products at the lowest possible prices. This credo is best exemplified in the wide variety of national brand products which we sell as well as our extensive range of private label items.

The range of private label products, which give consumers excellent value and the highest quality, continue to be expanded under the Grand Union, Big Star and BASICS trade names.

Utilizing our own Quality Control Department as well as government-certified outside testing facilities, we consistently test our private label products to guarantee that they meet or exceed our high standards which, in many cases, surpass the quality levels of the national brands. Sensory testing panels are conducted to make sure products are appealing, tasteful and nutritious.

Administrative Support Systems

An emphasis has been placed on upgrading and further improving our administrative support systems in such areas as finance, management information and distribution.

The centralization of our accounting function now enables us to exercise very tight control over all areas of expense. A new Corporate Planning and Budgeting Department has been established to assist in our plans for long term growth.

Through our management information systems, we are taking advantage of the opportunities presented by in-store scanning and have developed a sophisticated forward buying system. We are using state-of-the-art computer technology to improve our purchasing efforts.

In distribution, we have significantly increased the income from backhaul and are utilizing computers to schedule store deliveries and driver time.

We recently completed a major, year-long study of our existing distribution facilities and our projected distribution needs so we can maximize current potential and properly plan for future growth.

Grand Union wine departments are among the most complete to be found anywhere. Selections rival the finest specialty wine shops.


BLUE VEINED
GRAND UNION
Walkers
RICE

Customer Service

Customer service remains the cornerstone of our business. Through our Customer Service Department, established last year, we have set up a customer communications network, making company officials available to speak with customers on a free-access basis. We utilize customer response forms, toll-free telephone numbers and consumer outreach programs to receive reaction and input from customers on all aspects of our business.

During the 1983 fiscal year, more than 15,000 customers spoke with Customer Service Representatives.

Training

To make sure that all personnel are properly equipped for their tasks, and especially to educate our people in the new and emerging food skills demanded by Food Markets and Food Centers, emphasis was placed on the use of high-technology audio-visual devices. An audio-visual studio, complete with the latest equipment, was established at corporate headquarters and training booklets for all departments were prepared and disseminated. These mechanisms were used to complement proven on-the-job training techniques.

Community Affairs

Employees at all levels of the company have been encouraged to become active in their communities and the company itself has taken leadership roles in local charitable and civic organizations.

Federal, state and local legislation detrimentally affecting our business and our customers' rights has been an especially troublesome problem in recent years. Individually and through our membership in trade associations, we have taken strong positions to fight counterproductive laws and encourage positive measures which serve our customers, employees and business. Promotion of consumer issues which enable us to give better service and value to our customers is especially important.

Specialty cheese departments, opposite page, sell more than 250 varieties of imported and domestic cheeses, while our bakeries sell fresh-baked breads, rolls, pastries and delicacies in abundance

Consolidated Statement of Income and Retained Earnings

	52 WEEKS ENDED MARCH 31, 1984	52 WEEKS ENDED APRIL 2, 1983	53 WEEKS ENDED APRIL 3, 1982
		(Amounts in thousands)	
Sales	$3,438,848	$3,519,341	$4,137,447
Cost of sales	(2,725,180)	(2,740,970)	(3,235,142)
Gross profit	713,668	778,371	902,305
Operating, administrative and general expenses (notes 5 and 8)	(776,638)	(765,324)	(862,558)
Operating income (loss)	(62,970)	13,047	39,747
Costs related to store closure program (notes 2 and 6)	(48,347)	(20,725)	(8,236)
Interest expense (note 7)	(24,768)	(24,784)	(22,343)
Interest, dividend and other income (notes 2 and 7)	5,845	12,528	20,005
Income (loss) before income taxes	(130,240)	(19,934)	29,173
Income tax provision (benefit) (notes 1 and 9)	(15,000)	(20,160)	4,521
Net income (loss)	(115,240)	226	24,652
Retained earnings, beginning of year	106,163	109,386	122,479
	(9,077)	109,612	147,131
Less cash dividends:			
Common	—	(3,400)	(37,700)
Preferred	(46)	(49)	(45)
Retained earnings (deficit), end of year	$ (9,123)	$ 106,163	$ 109,386

See accompanying notes to the consolidated financial statements.

Consolidated Balance Sheet

	MARCH 31, 1984	APRIL 2, 1983
	(Amounts in thousands)	
ASSETS		
Current assets:		
Cash and temporary cash investments (note 7)	$ 43,428	$ 17,715
Receivables, net, including amounts due from related parties (notes 2 and 6)	30,479	55,693
Inventories (note 1)	179,897	249,117
Prepaid expenses, operating supplies and other	8,758	30,740
Properties to be sold within one year (note 1)	17,024	23,141
Total current assets	279,586	376,406
Property, net (notes 1 and 4)	273,612	353,305
Notes receivable, deferred charges and other assets	12,633	22,236
Cost in excess of net assets acquired (note 1)	10,345	12,592
	$576,176	$764,539
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term debt (note 7)	$ 19,155	$ 26,370
Accounts payable and accrued liabilities (note 6)	208,718	253,463
Total current liabilities	227,873	279,833
Long-term debt (note 7)	74,527	111,218
Long-term capital lease obligations (note 5)	97,135	115,938
Deferred pension obligations (notes 1 and 8)	15,029	16,684
Deferred income taxes (note 9)	—	18,251
Other noncurrent liabilities	24,470	14,136
	439,034	556,060
Commitments and contingencies (notes 5 and 10)		
Stockholders' equity (notes 3, 7 and 11):		
4½% cumulative preferred stock, $50 par value; callable at $52 per share; authorized 116,000 shares; outstanding 20,366 shares at April 2, 1983	—	1,018
Common stock, $50,000 par value; authorized 900 shares; issued and outstanding 801.5 shares at March 31, 1984 and 626.5 shares at April 2, 1983	40,077	31,327
Additional paid-in capital	106,188	69,971
Retained earnings (deficit)	(9,123)	106,163
Total stockholders' equity	137,142	208,479
	$576,176	$764,539

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Changes in Financial Position

	52 WEEKS ENDED MARCH 31, 1984	52 WEEKS ENDED APRIL 2, 1983*	53 WEEKS ENDED APRIL 3, 1982*
		(Amounts in thousands)	
CASH PROVIDED BY (USED FOR):			
Net income (loss)	$(115,240)	$ 226	$ 24,652
Noncash charges (credits) to income:			
Depreciation and amortization	44,993	47,452	45,504
Deferred income taxes	—	(5,559)	5,616
Cash provided by (used for) operations	(70,247)	42,119	75,772
Cash provided by (used for) other operating items:			
Receivables	25,214	(13,205)	(15,297)
Inventories	69,220	33,283	49,653
Prepaid expenses, operating supplies and other	8,734	(1,567)	(11,521)
Accounts payable and accrued liabilities	(50,172)	(10,584)	(26,082)
Income taxes	—	(1,559)	(2,615)
Cash available for investment and dividends	(17,251)	48,487	69,910
INVESTMENT ACTIVITIES:			
Capital expenditures:			
Property owned	(69,860)	(102,135)	(73,185)
Property leased	(13,389)	(14,158)	(4,750)
Disposals of property	127,358	36,571	16,111
Other disposals	2,157	8,350	10,412
Net cash (used for) provided by investment activities	46,266	(71,372)	(51,412)
Dividends	(46)	(3,449)	(37,745)
Cash provided by (used for) operating and investment activities and dividends	28,969	(26,334)	(19,247)
FINANCING ACTIVITIES:			
Financing obtained:			
Short-term debt, net	—	14,592	10,935
Long-term debt	—	—	1,475
Long-term capital lease obligations	13,000	14,169	4,750
Issuance of common stock	45,000	—	—
Other non-current liabilities	12,289	9,718	1,402
Financing discharged:			
Short-term debt, net	(24,000)	—	—
Long-term debt	(20,276)	(2,440)	(2,785)
Long-term capital lease obligations	(28,251)	(5,242)	(5,814)
Redemption of preferred stock	(1,018)	—	—
Net cash provided by (used for) financing activities	(3,256)	30,797	9,963
Increase (decrease) in cash	$ 25,713	$ 4,463	$ (9,284)

**Restated for comparative purposes.*

See accompanying notes to the consolidated financial statements.

NOTE 1 SUMMARY OF ACCOUNTING POLICIES

The Company is a wholly-owned subsidiary of Cavenham (USA) Inc. ("Cavenham (USA)") which in turn is a wholly-owned subsidiary of Cavenham Holdings Inc. ("Holdings").

The significant accounting policies affecting the Company's financial statements are summarized below:

Fiscal Year. The Company's fiscal year ends on the Saturday nearest the last day of March. Fiscal 1983 and fiscal 1982 ended on March 31, 1984 and April 2, 1983, respectively, and included 52 weeks. Fiscal 1981 ended on April 3, 1982 and included 53 weeks.

Principles of Consolidation. The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. Intercompany transactions and balances have been eliminated.

Inventory Valuation. Inventories are valued at the lower of first-in, first-out cost or market, cost being determined using the retail method for store inventories and the average cost method for warehouse and other inventories.

Property. Properties held under capital leases are capitalized net of any gains on sale and leaseback transactions and are amortized using the straight-line method over the life of the lease. Depreciation on owned property is computed principally using the straight-line method over the useful lives of the assets. Leasehold improvements are amortized over the shorter of the terms of the leases or their estimated useful lives. Properties to be sold within one year are recorded at the lower of their cost or net realizable value.

Pre-Opening Costs. Store pre-opening costs are charged to expense as incurred.

Cost in Excess of Net Assets Acquired. During fiscal 1983 approximately $2,100,000 of the balance of cost in excess of net assets acquired was written off in connection with the disposition of certain regional operations (see Note 2). The remaining balance is being amortized on a straight-line basis over forty years.

Income Taxes. The operations of the Company are included in consolidated federal income tax returns filed by Holdings. The Company's income tax provision is computed as though it filed a separate federal income tax return as adjusted in accordance with the terms of a tax sharing agreement with Holdings.

Pension Plans. The Company maintains noncontributory, trusteed pension plans covering eligible employees and a supplemental nonqualified, nontrusteed plan for certain executives. The Company's policy is to fund pension costs accrued. Pension expense for the noncontributory plans consists of normal costs plus amortization of past service costs over periods not to exceed forty years, less amortization of deferred pension obligations arising from acquisitions over a fourteen year period.

Presentation of the Statement of Changes in Financial Position. For the year ended March 31, 1984, the Company changed its presentation of the Consolidated Statement of Changes in Financial Position from a working capital basis to a cash basis. The new basis and format were adopted to provide a more meaningful presentation of the Company's sources and uses of funds. The Consolidated Statements of Changes in Financial Position for the years ended April 2, 1983 and April 3, 1982 have been restated for comparability.

NOTE 2 STORE CLOSURE PROGRAM

In connection with a program of concentrating and developing its operations within certain geographic areas, the Company has undertaken a number of closure programs during the last three years.

During fiscal 1981 the Company entered into an agreement with Holdings, which expires March 1985, under which Holdings is required to pay the Company an amount equal to any losses or other costs incurred in connection with the closure of 222 retail stores, substantially all of which have been closed by March 31, 1984. In consideration for such payments, Holdings is entitled to any profits realized in connection with the sale, use or further development of these and certain other properties. Amounts reimbursable under the terms of the agreement include direct costs incurred in connection with the store closure program net of gains on the sale of property and lease rights, reduced by operating profits. Reimbursable amounts totalled $2,799,000, $10,146,000 and $16,156,000 for fiscal 1983, 1982 and 1981, respectively, and are included in other income in the accompanying Consolidated Statement of Income.

During fiscal 1982 an additional provision was established for the costs of the closure program relating to 76 stores not covered by the agreement with Holdings.

During fiscal 1983 the Company established provisions for the closure of an additional 49 stores and for the disposition of its Weingarten (Texas), Florida and Eastern (Washington) regions aggregating 160 stores.

The activity related to store closure programs for the last three fiscal years is summarized as follows:

	52 WEEKS ENDED MARCH 31, 1984	52 WEEKS ENDED APRIL 2, 1983	53 WEEKS ENDED APRIL 3, 1982
	(in thousands)		
Provision established for:			
- 1983 disposition of Weingarten, Florida and Eastern regions and additional 49 store closures	$45,000	$ —	$ —
- 1982 76 store closure program	—	9,977	—
Costs associated with the Holdings 222 store closure program	3,347	10,748	8,236
	$48,347	$20,725	$8,236

NOTE 3 STOCKHOLDERS' EQUITY

During fiscal 1981 and 1982, the Company purchased and retired a total of 2,622 shares of its 4½% Cumulative Preferred Stock, par value $50 per share. On January 13, 1984 the Company called for redemption all of the remaining issued and outstanding shares of its 4½% Cumulative Preferred Stock, at a price of $52 per share plus accrued dividends to the redemption date of $0.5625 per share. The excess of the shares' book value over their purchase price has been recorded as additional paid-in capital, aggregating $35,653 over the three-year period.

During fiscal 1983 the Company received $45,000,000 from its parent in consideration for the issuance of 175 shares of its $50,000 par value common stock.

NOTE 4 PROPERTY

Property, at cost, consists of the following:

	MARCH 31, 1984	APRIL 2, 1983
	(in thousands)	
Property owned:		
Land	$ 5,858	$ 4,735
Buildings	12,029	10,426
Fixtures and equipment	241,875	330,416
Leasehold improvements	80,963	102,122
	340,725	447,699
Less: accumulated depreciation and amortization	149,755	193,430
Property owned, net	190,970	254,269
Property leased:		
Land and buildings	99,646	120,901
Fixtures and equipment	6,068	6,960
	105,714	127,861
Less: accumulated amortization	23,072	28,825
Property leased, net	82,642	99,036
Property, net	$273,612	$353,305

NOTE 5 PROPERTY LEASES

The Company operates principally in leased stores, distribution facilities and offices, and, in most cases, holds renewal options with varying terms. Many of the leases contain escalation clauses which provide for increased rentals based upon increases in real estate taxes and lessors' operating expenses.

The following is a schedule by year of future minimum payments under capital leases together with the present value of the net minimum lease payments as of March 31, 1984:

	(in thousands)
1984	$ 14,153
1985	13,731
1986	13,543
1987	13,799
1988	13,660
Later years	200,659
Total minimum lease payments	269,545
Less: amount representing estimated executory costs included in total minimum lease payments	7,842
Net minimum lease payments	261,703
Less: amount representing interest	161,000
Present value of net minimum lease payments	100,703
Less: current portion of obligations under capital leases	3,568
Long-term capital lease obligations	$97,135

The minimum lease payments shown above do not include future minimum sublease rental income of $9,519,000 under non-cancellable subleases or payments for contingent rentals under certain store leases on the basis of sales in excess of stipulated amounts.

The following is a schedule by year of future minimum rental payments required, less minimum sublease rental income, under operating leases that have initial lease terms in excess of one year as of March 31, 1984:

	(in thousands)
1984	$ 24,091
1985	21,926
1986	20,703
1987	19,972
1988	19,047
Later years	160,812
Total minimum payments	266,551
Less: sublease rental income	19,678
Net minimum rentals	$246,873

The following schedule shows the composition of total rental expense for all operating leases:

	52 WEEKS ENDED MARCH 31, 1984	52 WEEKS ENDED APRIL 2, 1983	53 WEEKS ENDED APRIL 3, 1982
	(in thousands)		
Minimum rentals	$36,730	$37,656	$46,583
Contingent rentals	6,084	5,741	6,607
Less: sublease rental income	5,757	5,846	5,404
	$37,057	$37,551	$47,786

NOTE 6 RECEIVABLES, ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Receivables consist of the following:

	MARCH 31, 1984	APRIL 2 1983
	(in thousands)	
Trade and other receivables	$13,104	$20,154
Note receivable	—	8,962
Less: allowance for doubtful accounts	278	354
	12,826	28,762
Due from related parties:		
Tax sharing agreement	15,000	16,419
Real estate agreement and other	2,653	10,512
	17,653	26,931
Total	$30,479	$55,693

Accounts payable and accrued liabilities consist of the following:

	MARCH 31 1984	APRIL 2, 1983
	(in thousands)	
Accounts payable	$117,044	$149,302
Accrued liabilities:		
Payroll	21,931	29,178
Closure reserves	8,840	6,353
Taxes other than income taxes	13,859	19,790
Insurance	10,627	12,645
Other	36,417	36,195
Total	$208,718	$253,463

NOTE 7 DEBT

Debt consists of the following:

	MARCH 31, 1984	APRIL 2, 1983
	(in thousands)	
Short-term notes payable to banks	$ —	$ 24,000
8.95% Promissory Note	78,400	95,000
8% Debentures due 1996, less unamortized discount of $120,000 and $722,000	2,099	11,678
9½% Debentures due 1991, less unamortized discount of $2,267,000	7,914	—
7¼% Subordinate Cumulative Income Debentures, less unamortized discount of $276,000 and $359,000	3,587	3,654
Mortgages, interest at 6½% to 11%	1,682	3,256
	93,682	137,588
Less: amounts due within one year	19,155	26,370
Long-term debt	$74,527	$111,218

In connection with the disposition of three of its operating regions, the Company agreed to repay $45,000,000 of the 8.95% Promissory Note agreement prior to May 21, 1984, $16,600,000 of which was repaid prior to March 31, 1984. In connection with the repayment, certain restrictions in the Note agreement have been modified. As modified, the agreement requires annual repayments of the remaining principal of $5,000,000 in 1984 and 1985, $6,150,000 from 1986 to 1991 and $3,100,000 in 1992. Subsequent to March 31, 1984 a credit agreement was entered into with a bank for an amount totalling $15,000,000, at a floating interest rate, repayable in May 1986 and, accordingly, a comparable amount of the 8.95% Promissory Note agreement which is to be repaid has been reclassified as long-term.

During fiscal 1983, the Company acquired $10,200,000 principal amount of its 8% Sinking Fund Debentures due 1996 in exchange for an equivalent amount of 9½% Debentures due 1991 resulting in a gain of $1,952,000 from the exchange. In connection with the exchange, sinking fund requirements and certain restrictions on the incurrence of long-term debt were eliminated.

The 7¼% Subordinate Cumulative Income Debentures require quarterly purchase fund payments of the lesser of $100,000, or the amount of debentures tendered quarterly by debenture holders, in fiscal 1984 through 1986. The balance is payable in June 1987.

The above agreements contain various limitations on the amount of dividends which the Company can declare. In connection with these limitations the Company was unable to declare dividends at March 31, 1984.

Maturities of the above debt, over the next five years are $19,155,000, $5,492,000, $21,650,000, $9,144,000 and $6,211,000, respectively.

The Company has lines of credit with a number of banks totalling $86,000,000 of which $62,000,000 is extended on a committed basis. The Company has informal arrangements with banks providing that compensation for committed lines of credit will be in the form of fees ranging from ¼ of 1% to ⅜ of 1% of the committed line, or through maintenance of average annual compensating balances as shown by the books of the banks ranging from 5% to 10% of the committed line.

NOTE 8 PENSION PLANS

Pension expense under the Company's pension plans described in Note 1 was $7,496,000, $7,512,000 and $7,506,000 for fiscal 1983, 1982 and 1981, respectively.

In fiscal 1983 the qualified pension plans were amended to provide increased minimum benefits per year of service and to increase the maximum years of service to which minimum benefits apply. The changes resulted in an increase in the actuarial present value of accumulated plan benefits of approximately $2,496,000 as of June 1, 1983 and an increase in annual pension expense of $131,000 in fiscal 1983.

A comparison of accumulated plan benefits and plan net assets as of the latest available actuarial valuation date is as follows:

	APRIL 1, 1983	APRIL 1, 1982
	(in thousands)	
Actuarial present value of accumulated plan benefits:		
Vested	$113,606	$107,128
Nonvested	6,541	7,244
	$120,147	$114,372
Plan net assets available for benefits	$127,809	$ 98,236
Recorded liability for unfunded vested benefits	16,684	18,345
	$144,493	$116,581

The assumed rate of return used in determining the actuarial present value of accumulated plan benefits was 8½% at both April 1, 1983 and April 1, 1982.

On February 7, 1984, in connection with the disposition of the Weingarten region, the Board of Directors of the Company authorized the termination of the J. Weingarten Inc. Pension Plan ("Plan"), a defined benefit plan, effective March 2, 1984. Approvals of the termination were requested from the Internal Revenue Service (IRS) and from the Pension Benefit Guaranty Corporation (PBGC) during March 1984. A trust has been established for the accumulated benefits of all Plan participants and their beneficiaries. After receipt of the required approvals from the PBGC and the IRS, distributions will be made to all Plan participants and their beneficiaries on the basis of their individual payment options selected.

NOTE 9 INCOME TAXES

The components of the provision (benefit) for income taxes are as follows:

	52 WEEKS ENDED MARCH 31, 1984	52 WEEKS ENDED APRIL 2, 1983	53 WEEKS ENDED APRIL 3, 1982
	(in thousands)		
Federal income taxes:			
Currently payable (receivable)	$(15,000)	$(23,629)	$3,568
Deferred, resulting from:			
Excess of tax over book depreciation	(26,846)	3,569	2,975
Unfunded pension liability	8,903	—	—
Accrued insurance	6,489	1,205	(3,810)
Deferred gains on sale/leaseback transactions	3,658	—	—
Compensated absence liability	2,542	—	—
Property taxes	2,053	—	—
Pension expense	1,922	583	(1,482)
Store closure provision	1,983	(1,983)	—
Other	(704)	495	1,403
State income taxes	—	(400)	1,867
Total income tax provision (benefit)	$(15,000)	$(20,160)	$4,521

The reconciliation of the provision (benefit) for income taxes computed at the federal statutory rate to the reported provision (benefit) for income taxes is as follows:

	52 WEEKS ENDED MARCH 31, 1984	52 WEEKS ENDED APRIL 2, 1983	53 WEEKS ENDED APRIL 3, 1982
	(in thousands)		
Provision (benefit) computed at federal statutory tax rate	$(59,910)	$ (9,170)	$13,420
Increase (decrease) in the provision resulting from:			
Amount in excess of available carryback	44,910	—	—
Tax sharing benefits	—	—	(4,521)
Investment tax credit	—	(4,550)	(4,800)
Income taxed at capital gains rate	—	—	(832)
Adjustment of prior years' reserves	—	(6 500)	—
State and local taxes, net of federal tax benefits	—	(215)	1,008
Other	—	275	246
Total income tax provision (benefit)	$(15,000)	$(20,160)	$ 4,521

During fiscal 1981, the Company entered into a three-year tax sharing agreement with Holdings, whereby the Company received tax sharing benefits from Holdings not to exceed 50% of the Company's tax provision. During fiscal 1983 and 1982, the Company recorded tax carryback benefits, in accordance with the tax sharing agreement, which are included in amounts due from Holdings as disclosed in Note 6. Under the terms of the agreement there are no additional tax carrybacks available to the Company.

Upon mutual agreement the Company and Holdings have elected to terminate the tax sharing agreement as of April 1, 1984. Future provisions for Federal and state income taxes will be recorded on the basis of each year's respective book income at tax rates agreed to by the Company and Holdings and tax payments to Holdings will be based on the amounts so provided. Accordingly, all prepaid and deferred tax balances have been eliminated at March 31, 1984.

During fiscal 1982, estimates of certain tax liabilities recorded in accounting for a purchase transaction in a prior year were revised resulting in a credit to the income tax provision.

NOTE 10 CONTINGENCIES

The Company had been named as a co-defendant in numerous similar antitrust actions brought by producers and feeders of cattle. Each of the actions alleged violations by the defendants of federal antitrust laws in connection with the purchase and sale of beef and sought damages and injunctive

relief. All of the retail defendants, including the Company, moved for summary judgment seeking dismissal of plaintiffs' treble damage wholesale price fixing claims which motion has been granted, and has been affirmed on appeal to the United States Court of Appeals for the Fifth Circuit. On February 21, 1984, the United States Supreme Court denied the plaintiffs' petition for a Writ of Certiorari seeking to reverse the summary judgment. Although all claims for treble damages have been dismissed in the litigation, certain plaintiffs' claims for injunctive relief remain pending. The management of the Company believes that the Company has good and meritorious defenses to these claims for injunctive relief. Management further believes that the resolution of these claims will not have a material adverse effect on the financial position or results of operations of the Company.

A purported class and derivative action has been brought against the Company and certain of its parents seeking the rescission of the merger in which Cavenham (USA) acquired the remaining 19% minority interest in the Company's common stock and the recovery of unspecified damages, costs and attorneys' fees. The Company and its parents believe that its actions have been entirely proper and lawful, and intend to defend the lawsuit vigorously.

A purported class action is pending against the Company seeking treble damages and injunctive relief alleging violations by the Company and other co-defendants of the Federal antitrust laws in connection with the termination of the promotional offer to double the discount for manufacturers' cents-off coupons in New Jersey between September 18 and 26, 1982. The Company has answered, denying the material allegations of the complaint. It is not possible to predict with any degree of certainty the ultimate outcome of this lawsuit since, among other things, the conduct of the other defendants as alleged co-conspirators could affect the liability of the Company. The management of the Company believes that the Company has good and meritorious defenses to the lawsuit.

Several investigations are currently being conducted by agencies of the federal and certain state governments into the propriety of certain pricing and promotional practices within the supermarket industry in Connecticut and New Jersey. The Company is engaged in business in the geographic areas in which these investigations are being conducted and is responding to these government agencies. The Company does not believe it has engaged in wrongful conduct. However, it is not possible to predict with any degree of certainty whether the Company will be the subject of proceedings in connection with these investigations or the ultimate outcome of these investigations since, among other things, the investigations are in their preliminary stages and the conduct of others subject to the investigations could affect the Company's position.

In connection with the Company's acquisition in 1978 of Colonial Stores Incorporated ("Colonial"), a retail food chain, the Federal Trade Commission ("FTC") initiated a proceeding against the Company, Cavenham (USA), Holdings and Colonial contending that the acquisition violated the antimerger provisions of the federal antitrust laws. On July 18, 1983, the FTC unanimously dismissed its complaint. There is no appeal from the FTC's order.

NOTE 11 STOCK OPTION

During fiscal 1983, the Company entered into an employment agreement with a senior executive officer of the Company whereby, among other things, the Company granted the officer options to purchase 40.075 shares of the Company's $50,000 par value common stock at an option price equal to the per share book value of the Company at March 31, 1984. Options to purchase 10.01875 shares are exercisable annually on each March 1 from 1986 through 1989. Unexercised options expire no later than February 28, 1991.

Under certain conditions the officer may elect to surrender any exercisable option to the Company in exchange for a cash payment equal to the difference between the fair market value of the shares and the option price. Under certain circumstances the options may be converted into options to purchase a proportionate number of shares of Cavenham (USA) Inc.

Report of Independent Accountants

Price Waterhouse

411 HACKENSACK AVENUE
HACKENSACK, NEW JERSEY 07601

To the Board of Directors and Stockholders of The Grand Union Company:

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of income and retained earnings and of changes in financial position present fairly the financial position of The Grand Union Company and its subsidiaries at March 31, 1984, and April 2, 1983, and the results of their operations and the changes in their financial position for each of the three years in the period ended March 31, 1984, in conformity with generally accepted accounting principles consistently applied. Our examinations of these statements were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Price Waterhouse

May 17, 1984

Selected Quarterly Data (Unaudited)

		1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER	TOTAL
				(in thousands)		
Sales	1983	$1,048,658	$865,598	$887,758	$636,834	$3,438,848
	1982	$1,096,513	$806,714	$811,869	$804,245	$3,519,341
Gross profit	1983	$236,055	$173,706	$179,896	$124,011	$713,668
	1982	$239,226	$179,204	$179,972	$179,969	$778,371
Net income (loss)	1983	$(9,821)	$ (36,496)	$ (60,023)	$(8,900)	$ (115,240)
	1982	$(3,175)	$8,940	$(1,871)	$(3,668)	$226

Summary of Financial Information (Unaudited)

FIVE YEAR INFORMATION	52 WEEKS ENDED MARCH 31, 1984	52 WEEKS ENDED APRIL 2, 1983	53 WEEKS ENDED APRIL 3, 1982	52 WEEKS ENDED MARCH 28, 1981	52 WEEKS ENDED MARCH 29, 1980
	(Dollar amounts in thousands)				
HISTORICAL INFORMATION					
Sales	$3,438,848	$3,519,341	$4,137,447	$3,626,231	$3,137,612
Gross profit	$ 713,668	$ 778,371	$ 902,305	$ 788,964	$ 687,915
Net income	$ (115,240)	$ 226	$ 24,652	$ 34,327	$ 30,669
Net income as a percent of sales	(3.35)%	nil	0.60%	0.95%	0.98%
Dividends paid	$ 46	$ 3,449	$ 37,745	$ 19,055	$ 15,702
Working capital	$ 51,713	$ 96,573	$ 119,385	$ 115,436	$ 135,164
Total assets	$ 576,176	$ 764,539	$ 756,248	$ 784,799	$ 710,477
Long-term obligations	$ 171,662	$ 227,156	$ 220,493	$ 222,654	$ 212,229
Stockholders' equity	$ 137,142	$ 208,479	$ 211,734	$ 224,857	$ 209,602
HISTORICAL INFORMATION ADJUSTED TO AVERAGE FISCAL 1983 DOLLARS					
Constant Dollar Information:					
Sales	$3,438,848	$3,639,984	$4,499,876	$4,317,411	$4,210,924
Net loss	$ (138,329)	$ (26,899)	$ (16,081)	$ (16,765)	$ (22,436)
Net assets at year end	$ 197,756	$ 291,577	$ 316,126	$ 364,574	$ 361,824
Purchasing power gain on net monetary items	$ 19,428	$ 16,191	$ 32,815	$ 47,946	$ 65,179
Average consumer price index	301.7	291.7	277.4	253.4	224.8
Current Cost Information:					
Net loss	$ (136,884)	$ (24,189)	$ (10,895)	$ (11,271)	$ (19,842)
Net assets at year end	$ 172,957	$ 279,835	$ 298,571	$ 333,502	$ 338,553
Excess of increase in general price level over increase in specific prices	$ 9,523	$ (1,615)	$ 3,428	$ 14,175	$ 40,936

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(Dollar amounts in millions)

OVERVIEW

During the past three years the Company has undertaken several significant programs designed to ensure improved future profitability in an industry characterized by intense competition. These programs included a major restructuring intended to consolidate a profitable operating base in selected geographic areas, continuance of a capital development plan which emphasized the conversion of selected supermarkets to Food Markets and, in the second quarter of fiscal 1983, the institution of a new company-wide pricing program of matching the low price leader in each of its marketing areas. As part of the restructuring program the Company closed 513 stores which were unprofitable or which would not fit within its long-term strategy. Included in these closures was the disposition in fiscal 1983 of the Company's Weingarten (Texas), Florida and Eastern (Washington) regions which removed the Company from areas in which profitability has not been historically strong. The Company has begun fiscal 1984 with its major restructuring efforts substantially completed.

A more comprehensive review of the Company's operations for the last three years and an overview of the Company's liquidity and capital resources follows.

OPERATIONS

The decline in net income during the past three years is primarily attributable to the effects of the major restructuring and development programs undertaken during that period, and of the price reduction program in fiscal 1983, as well as the general economic climate and competitive conditions. Explanations of specific trends follow.

FISCAL YEAR	Annual Sales	Increase (Decrease) From Preceding Year Amount	Percent
1983	$3,438.8	$ (80 5)	(2.3)%
1982	$3,519.3	$(618.1)	(14 9)%
1981	$4,137.4	$ 511.2	14 1 %

The decrease in sales of 2.3% during fiscal 1983 was primarily due to the disposition of 223 stores since the end of fiscal 1982 (7.8%) offset by sales increases from the increased number of Food Markets and the price reduction program (5.5%).

The decrease in sales of 14.9% during fiscal 1982 was primarily due to (a) the closure of 142 stores since the end of fiscal 1981 (14.7%), (b) a 52 week fiscal 1982 as compared to a 53 week prior year (2.0%) and (c) lower sales volume in supermarkets (5.8%), offset by an increase in volume in Food Markets (4.5%) and the effects of inflation (3.1%).

The sales increase of 14.1% for fiscal 1981 is attributable to (a) inclusion of the sales of the Weingarten region for the entire fiscal year (12.9%), (b) the effects of inflation (2.8%) and (c) the inclusion of the 53rd week in the fiscal year (2.0%), partially offset by reduced sales volume caused by the closure of 148 stores (3.6%).

Gross profits as a percentage of sales decreased in fiscal 1983, principally due to the price reduction program, after having remained relatively constant in the prior two years, as reflected in the following table:

FISCAL YEAR	Gross Profits	Percent of Sales
1983	$713.7	20.8%
1982	$778.4	22.1%
1981	$902.3	21 8%

Approximately 70% of the decreased gross profit dollars in fiscal 1983 resulted from decreased gross profit percentages while the remainder resulted from the decrease in sales. The fluctuation in gross profit dollars from fiscal 1981 to fiscal 1982 was almost entirely related to the sales decrease.

As shown in the table below, operating, administrative and general expenses as a percentage of sales increased during fiscal 1983 primarily due to increased labor costs and promotional costs related to the price reduction program.

In fiscal 1982, operating, administrative and general expenses rose at a slightly greater rate than selling prices.

FISCAL YEAR	Operating, Administrative and General Expenses	Percent of Sales
1983	$776.6	22.6%
1982	$765.3	21.8%
1981	$862.6	20.8%

Store closure costs includes provisions of $45.0 in fiscal 1983 and $10.0 in fiscal 1982 relating to closure programs not covered by an agreement with Cavenham Holdings Inc. ("Holdings"), which provides for reimbursement of defined closure costs (see Note 2 to the Consolidated Financial Statements). Other income for fiscal 1983 reflects $2.8 of reimbursement from Holdings under this agreement as compared to $10.1 of reimbursement in fiscal 1982 and $16.2 in fiscal 1981.

During fiscal 1983, the Company recorded an income tax benefit of $15.0 as compared to an income tax benefit of $20.2 in the prior year. The income tax benefit for fiscal 1983 relates to credits associated with the carryback of current year losses. The prior year's benefit included investment tax credits, credits associated with the carryback of fiscal 1982 losses and credits associated with prior years' reserves. The effective tax rate for fiscal 1981 of 15.5% decreased from a 34.1% rate in the previous year primarily due to a new three year tax sharing agreement with Holdings.

Please refer to the Statement of Income Adjusted for Changing Prices on page 23 for further numerical data on the effects of inflation and changing prices.

LIQUIDITY AND CAPITAL RESOURCES

Resources used to finance dividends and capital expenditures are as shown in the table below (refer to the Consolidated Statement of Changes in Financial Position for further data):

	1983	1982	1981
Capital expenditures	$ 83.2	$116 3	$ 77.9
Dividends	—	3 4	37 8
	$ 83.2	$119 7	$115 7
Financed by:			
Property disposals	$129.5	$ 44.9	$ 26 5
Operating activities	(17.3)	48.5	69.9
External financing	(3 3)	30.8	10 0
Cash balances	(25.7)	(4.5)	9 3
	$ 83 2	$119.7	$115.7

The aggregate level of capital expenditures and dividends remained relatively constant in fiscal 1981 and fiscal 1982 but declined in fiscal 1983. The method of financing these expenditures differed as decreasing funds from operating activities were replaced by funds made available from closure program asset disposals. External financing was not significant in fiscal 1981 and in fiscal 1982 consisted primarily of short-term debt and capital lease obligations. In fiscal 1983 a net reduction in external financing occurred resulting from the issuance of $45.0 of capital stock to the parent company offset by the repayment of short-term and long-term debt and the reduction of capital lease obligations. Cash balances, including temporary investments, increased in fiscal 1982 and 1983.

In fiscal 1984 the Company's capital development program will approximate $40.0. Funds for this program are expected to be generated from operations and property disposals related to 1983 closure programs.

The Company has lines of credit with a number of banks totalling $86.0 of which $62.0 is extended on a committed basis. The main purpose of these lines is to provide the working capital needed to finance the seasonal inventory fluctuations associated with the Company's operations. The amount the Company can borrow is subject to the restrictions of certain loan agreements to which it is a party.

Statement of Income Adjusted for Changing Prices (Unaudited)

	HISTORICAL COSTS	AVERAGE 1983 DOLLARS CONSTANT DOLLARS	CURRENT COSTS
		(in thousands)	
Sales	$ 3,438,848	$ 3,438,848	$ 3,438,848
Cost of sales	(2,725,180)	(2,735,333)	(2,737,716)
Gross profit	713,668	703,515	701,132
Operating, administrative and general expenses*	(776,638)	(789,574)	(785,746)
Costs related to store closure program	(48,347)	(48,347)	(48,347)
Interest expense	(24,768)	(24,768)	(24,768)
Other income	5,845	5,845	5,845
(Loss) before income taxes	(130,240)	(153,329)	(151,884)
Income tax provision (benefit)	(15,000)	(15,000)	(15,000)
Net income (loss)	$ (115,240)	$ (138,329)	$ (136,884)
Purchasing power gain on net monetary items		$ 19,428	$ 19,428
Effect of increase in specific prices (current costs)**			$ 18,279
Increase in general price level of inventories and property held during the year			27,802
Excess of increase in general price level over increase in specific prices			$ 9,523

**The straight line method of depreciation was used for presentations of the effects of changing prices and is the principal method used in the primary statements. Depreciation and amortization expenses calculated for the primary statements, general inflation and specific prices were $48,338, $61,274 and $57,446, respectively.*

***At March 31, 1984, current cost of inventory was $180,077 and current cost of property, net of accumulated depreciation, was $311,891.*

EXPLANATORY NOTES

The supplemental information reflects the effects of changing prices on the financial statements in accordance with the provisions of Financial Accounting Standards Board Statement 33 (FASB 33). The disclosures are intended to present the effects of increases in the general price level on the purchasing power of the dollar (constant dollar) and the effects of specific price changes in certain assets used by the Company (current costs) as compared to the primary financial statements (historical costs). Because of the uncertainty as to which method of inflation accounting is most appropriate, the FASB requires that both methods be presented.

Constant dollar accounting is a method of reporting financial statement amounts in dollars each of which is estimated to have the same general purchasing power. Such amounts are measured by using the average Consumer Price Index for All Urban Consumers (CPI-U) for the current fiscal year. Under this method, depreciation expense and cost of sales are increased as a result of the increase in the CPI-U level since the date that the related property and inventories were acquired.

Current cost accounting is a method of measuring and reporting assets and expenses related to the use or sale of such assets at their current costs or lower recoverable amounts as of the balance sheet date. The current cost of inventory closely approximates the amount reported in the primary financial statements due to the relatively short time lag between inventory purchases and the subsequent sale. The current costs of property were determined using specific indices derived from governmental and private organizations.

FASB 33 further provides that income tax expense should not be restated since income taxes are determined and payable on the basis of historical income.

The gain in purchasing power of net monetary liabilities is derived from the concept that monetary assets decreased and monetary liabilities increased in purchasing power value during the period due to inflation. Purchasing power gain has been computed on average net monetary liabilities multiplied by the change in CPI-U for the year.

The excess of the increase in general price levels over the increase in specific prices results from the effects of general inflation, measured by the CPI-U, compared to the specific price increases actually experienced by the Company.

The concepts and procedures established by the FASB for the preparation of these disclosures are complex and require the use of assumptions and estimates based on available information. This information therefore should be viewed only as an approximation of inflationary effects. It should be noted that Grand Union's new company-wide pricing program, instituted in 1983, of matching the low price leader in each of its marketing areas has had a considerably different impact on the Company's 1983 income than the effects of general inflation measured by the CPI-U.

Directors

Floyd Hall
Chairman of the Board and
Chief Executive Officer

Ian M. Duncan
Executive Vice President and
Chief Financial Officer,
Cavenham Holdings Inc.

Roland A. E. Franklin
Chairman of the Board and
Chief Executive Officer,
Cavenham Holdings Inc.

Milton Glaser
President,
Milton Glaser, Inc.

Sir James Goldsmith
Chairman and President,
Generale Occidentale

Norman Grulich
President,
Grulich-Koenig Advertising, Inc.

Bowman Gray III
Executive Vice President,
Cavenham Holdings Inc.

James E. Herlihy
Senior Vice President and
Chief Financial Officer

Henry T. Johnson
Executive Vice President and
Chief Administrative Officer

William A. Louttit
Executive Vice President,
Merchandising

Joseph J. McCaig
President and Chief Operating Officer

Louis Sherwood
Senior Vice President, Development

Jivan Tabibian
Director, Wine, Ethnic
and International Foods

Vincent J. Veninata
Senior Vice President,
Administrative Services

Jane von der Heyde
Vice President, Secretary and
General Counsel,
Cavenham Holdings Inc.

James L. Zahner
Senior Vice President,
Management Information
Systems and Logistics

Officers

Floyd Hall
Chairman of the Board and
Chief Executive Officer

Joseph J. McCaig
President and Chief Operating Officer

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Executive Vice President and
Chief Administrative Officer

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Senior Vice President and
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Vincent J. Veninata
Senior Vice President,
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Henry S. Addison
Vice President, Carolina Region

Kenneth R. Baum
Vice President and Controller

Jack Calderone
Vice President, Meat Merchandising

Roger W. Kennedy
Vice President and Treasurer

Charles T. Lanktree
Vice President, Marketing

Michael J. Larkin
Vice President, New York Region

J. Barron Leeds
Vice President, Labor Relations

Anthony P. Misasi
Vice President, Produce Operations

Robert E. Mobel
Vice President,
Product Development and Quality Control

Robert J. Saba
Vice President, Northern Region

Russell W. Schroeder
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Vice President, Distribution

Craig C. Sturken
Vice President, Southern Region

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The company solicits customer comments through toll-free telephone lines and postage-paid customer response forms

GRAND UNION